

Message Text

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SUBJ: PROPOSED TRADE MISSION FOR MANUFACTURERS OF
PULP AND PAPER PROCESSING EQUIPMENT

REF: STATE 111016

1. ALTHOUGH PULP AND PAPER INDUSTRY HAS NOT TRADITIONALLY BEEN HIGH PRIORITY AREA IN USSR, RELATIVELY SUBSTANTIAL VOLUMES OF WESTERN EQUIPMENT HAVE BEEN PURCHASED FOR THIS BRANCH OF INDUSTRY. IN PAST, FINNS, SWEDES AND FRENCH (WITH PARSONS AND WHITMORE'S FRENCH SUBSIDIARY DOING SUBSTANTIAL BUSINESS) HAVE BEEN MAJOR WESTERN SUPPLIERS. ON U.S. SIDE, EMBASSY'S RECORDS SHOW SOME SALES BY BELOIT CORP. AND FMC, LATTER IN CONJUNCTION WITH SALE OF PAPER-FINISHING PLANT BY UK FIRAWALMSLEY-BURY.

2. AT PRESENT, SEVERAL MAJOR PULP/PAPER PROJECTS IN USSR ARE IN VARIOUS STAGES OF DISCUSSION AND/OR NEGOTIATION. MOST ADVANCED OF THESE APPEARS TO BE LARGE CELLULOSE PLANT AT UST-ILIM WHICH IS TO BE CONSTRUCTED UNDER CEMA AGREEMENT AND WOULD PROBABLY NOT OFFER GOOD PROSPECTS FOR SALES OF US EQUIPMENT. EMBASSY HAS IMPRESSION THAT SOVIETS SEE PULP/PAPER SECTOR AS ONE OF

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AREAS IN WHICH THEY MIGHT REACH AGREEMENTS WITH WESTERN

COMPANIES TO CONSTRUCT PLANTS ON COMPENSATION BASIS, I.E. WITH REPAYMENT IN FORM OF PRODUCT. CONSEQUENTLY, TRADE MISSION WHICH OFFERED PACKAGE APPROACH, I.E. HEADED BY MAJOR PULP/PAPER PRODUCER WHICH COULD PROVIDE TECHNOLOGY AND HANDLE MARKETING OF PRODUCT, BACKED UP BY ENGINEERING COMPANY AND EQUIPMENT PRODUCERS CAPABLE OF PROVIDING COMPLETE PLANT, INCLUDING PRODUCTION, MATERIALS HANDLING, AND CONTROL EQUIPMENT, WOULD APPEAR BEST SUITED TO THIS MARKET. CONVERSELY, A TRADE MISSION CONSISTING OF COMPANIES OFFERING VARIOUS PIECES OF THE TOTAL PACKAGE WOULD BE LESS ATTRACTIVE TO SOVIETS AND LESS LIKELY TO ACHIEVE RESULTS. EMBASSY NOTES THAT INTERNATIONAL PAPER JUST HOSTED VISIT TO US AND CANADA OF SOVIET DELEGATION HEADED BY MINISTER OF PULP/PAPER INDUSTRY GALANSKIN. COMMERCE MIGHT WISH TO CHECK WITH IP TO DETERMINE WHETHER COMPANY WOULD BE INTERESTED IN JOINING PROPOSED TRADE MISSION IN CAPACITY OF POTENTIAL ORGANIZER OF MAJOR PROJECTS.

3. AS REGARDS TIMING, FIRST TWO WEEKS OF NOVEMBER ARE NOT DESIRABLE FOR MOSCOW. PROPOSED PMMI IOGA MISSION, WHICH EMBASSY ASSUMES IS STILL PLANNING VISIT MOSCOW, IS SCHEDULED FOR NOVEMBER 10-13. NOVEMBER 7-8 ARE SOVIET HOLIDAYS. LAST WEEK OF NOVEMBER OR FIRST WEEK OF DECEMBER APPEAR PREFERABLE. WE WOULD NOT SUGGEST THAT MISSION PLAN VISIT CITIES OTHER THAN MOSCOW.

4. FOR PROPER PLANNING OF MISSION'S VISIT, EMBASSY SHOULD BE IN POSITION APPROACH PROMMASHIMPORT AND MINISTRY OF PULP/PAPER INDUSTRY NO LATER THAN JUNE 15 TO DETERMINE WHETHER SOVIETS INTERESTED IN MISSION AND PREPARED COOPERATE IN ARRANGING PROGRAM. FOR THAT APPROACH, WE WILL NEED INDICATION AS TO THEME OF MISSION, PRODUCTS OFFERED, AND, IF POSSIBLE, POTENTIAL PARTICIPANTS. STOESEL

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